

**NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY**

**INSURANCE SPECIFICATIONS  
&  
MINIMUM REQUIREMENTS**

**FOR MULTIFAMILY  
RESIDENTIAL  
PROPERTIES**

**Date of Issue – April 12, 2016**

**NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY  
INSURANCE SPECIFICATIONS  
MINIMUM REQUIREMENTS**

**GENERAL INFORMATION**

**Additional Insured**

All policies providing Property/Crime/Liability and Equipment coverage must indicate the New Jersey Housing and Mortgage Finance Agency (hereinafter "NJHMFA") as Additional Insured and Mortgagee. Property policies must also indicate NJHMFA as Lender's Loss Payable.

**Mortgage Clause (Standard Form)**

All Property Insurance Policies must indicate the Mortgagee as:

New Jersey Housing and Mortgage Finance Agency  
637 South Clinton Avenue  
PO Box 18550  
Trenton, New Jersey 08650-2085

*Note – In instances where the mortgage financing provided by NJHMFA has been paid in full, NJHMFA need only be indicated as Additional Insured on all Property/Crime/Liability and Equipment coverages when the respective property continues in the portfolio of the NJHMFA pursuant to the terms of an executed Regulatory Agreement or Deed Restriction.*

**Insurance Company**

Issuing Insurer must be currently eligible to write business in the State of New Jersey and have a current A.M.Best Rating of A- and with a Financial Size Category of VIII or a Demotech, Inc. Financial rating of A (Exceptional).

*Note – Any issuing Insurer with Ratings under Review by A.M. Best with Negative Implications and/or Long Term Negative Implications may be subject to further requirements and review by the NJHMFA.*

**Coverage Requirements**

All insurance coverages required pursuant to these Insurance Specifications Minimum Requirements must be provided on a Per Occurrence/Per Location basis with coverage limits as noted herein.

### **Insurance Professional/Agent**

- Insurance Professional/Agent must provide a written statement on letterhead to the NJHMFA that the insurance coverages being provided meets or exceeds the NJHMFA minimum insurance requirements. This written statement is not to be construed as a Certificate of Insurance as defined under the New Jersey Certificates of Insurance Act (NJSA 17:29A-54 et seq.).
- Insurance Professional/Agent must provide a Certificate of Insurance (ACORD 25 – Certificate of Liability Insurance) showing the Insurance Professional/Agent's Errors and Omissions Coverages (E & O). All applicable information on the ACORD 25 must be completed and information noted must reflect actual terms and conditions as contained in the underlying policies and be in conformity with the New Jersey Certificates of Insurance Act (NJSA 17:29A-54 et seq.). ACORD 25 to indicate NJHMFA as the Certificate Holder as follows:

New Jersey Housing and Mortgage Finance Agency  
ATTN: Insurance Division  
PO Box 18550  
Trenton, NJ 08650-2085

- NJHMFA requires that the Insurance Professional/Agent have unimpaired E & O coverage limits of at least \$5,000,000 on the underlying policy and a deductible not exceeding \$50,000. If the Producer (Insurance Professional/Agent) and the Insured (Insurance Professional/Agent) are the same or related party as disclosed on the respective Certificate of Insurance, further evidence of E & O Coverage is to be provided through submission of a copy of the respective Policy Declaration Pages.
- *Note – In instances where an Insurance Professional/Agent has an E & O Deductible in excess of \$50,000, NJHMFA may, upon request, consider acceptance of same subject to the review by NJHMFA of the most recent Certified Financial Statements of the respective Insurance Professional/Agent to determine the financial wherewithal of the Insurance Professional/Agent to fund a Deductible in excess of \$50,000.*

### **Cancellation/Non-Renewal**

Notice is to be provided to the NJHMFA via Certified Mail as follows:

New Jersey Housing and Mortgage Finance Agency  
ATTN: Insurance Division  
PO Box 18550  
Trenton, NJ 08650-2085

### **Evidence of Insurance**

- ACORD 28 forms "Evidence of Commercial Property Insurance" may be utilized to provide evidence of property coverages. All applicable information on the ACORD 28 must be completed and information noted must reflect actual terms and conditions as contained in the underlying policies and be in conformity with the New Jersey Certificates of Insurance Act (NJSA 17:29A-54 et seq.).

- ACORD 25 forms "Certificate of Liability Insurance" may be utilized to provide evidence of General Liability, Automobile Liability, Excess/Umbrella Liability, Crime, Workers' Compensation and Employers' Liability coverages as are applicable. All applicable information on the ACORD 25 must be completed and information noted must reflect actual terms and conditions as contained in the underlying policies and be in conformity with the New Jersey Certificates of Insurance Act (NJSA 17:29A-54 et seq.).
- ACORD 28 "Evidence of Commercial Property Insurance" and/or ACORD 25 "Certificate of Liability Insurance" are to indicate NJHMFA as the Certificate Holder as follows:

New Jersey Housing and Mortgage Finance Agency  
ATTN: Insurance Division  
PO Box 18550  
Trenton, NJ 08650-2085

Samples of the ACORD 28 and ACORD 25 can be found at the end of this Booklet. *A word of caution – please be sure to use the most current edition of same.*

*A note about required NAIC numbers for use on the ACORD 28 and ACORD 25 forms – The National Association of Insurance Commissioners assigns an "NAIC" number to each domestic insurer domiciled in the United States. This NAIC Number is to be indicated on the appropriate ACORD form(s) for each insurer providing coverages. If a foreign carrier is providing the insurance coverages, the specific name of the carrier must be provided as well as the specific AM Best Number assigned to same. In the instances where a foreign carrier operates through and provides coverages utilizing a syndicate system, the specific name of each of the syndicates must be provided as well as the specific syndicate number and AM Best Number assigned to same. In all instances, any and all foreign carriers must meet all NJHMFA Insurance Requirements.*

**Complete copies of all Insurance Policies with all required Endorsements must be submitted for the review of the NJHMFA.**

*Note - In the event that complete copies of Insurance Policies are not available, NJHMFA may, upon request, permit the submission of sample policies with policy Declaration Pages/Binders detailing full coverages to be followed by submission to the NJHMFA of complete copies of all Insurance Policies with all required Endorsements immediately upon receipt from insurer(s).*

### **State Guaranty Funds**

NJHMFA highly recommends that insurers providing insurance coverage be members of the respective State Guaranty Fund. A State Guaranty Fund is a fund administered by a US State to protect policy holders in the event that an insurance company defaults on benefit payments or becomes insolvent. The Fund only protects beneficiaries of insurance companies that are licensed to sell insurance products in that State.

### **Risk Purchasing Groups**

If insurance coverages are provided through a purchasing group, a copy of the Registration Letter issued by the New Jersey Department of Banking and Insurance must be submitted, as well as a Designated Location(s) General Aggregate Limit Endorsement for each respective policy specifically noting the insured property.

## ***Property Insurance***

### **MINIMUM INSURANCE REQUIREMENTS:**

#### **Property**

Real/Personal/Rental Values including but not limited to:

Walls, outdoor light poles, smokestacks, swimming pools, playground equipment, water towers, exterior poles, car ports, signs, fuel oil, tennis courts, basketball courts, radio and television antennas (including their lead-in wiring, masts or towers), and satellite dishes.

#### **Limits**

Real and Personal Property: Blanket Replacement Cost – Agreed Value.

Rental Value: An amount equal to 100% of anticipated rental income for one (1) year full occupancy – with no Coinsurance Penalty.

#### **Coverage**

Comprehensive “All Risk” or “Special” + Flood & Earthquake Building Ordinance. Joint Loss Agreement. It is recommended that coverage be on an Insurance Services Office (ISO) Building and Personal Property Coverage form with Cause of Loss, Special Coverage to establish a standard of coverage.

#### **Flood Insurance**

National Flood Insurance (NFIP) is required for all Properties located in flood zones A, V and shaded X with the maximum available policy limits of coverage available under the NFIP Program for each building. The Property Policy must provide flood limits immediately in excess of NFIP policy limits up to the insurable value at each Location up to a maximum \$10,000,000 if available.

#### **Joint Loss Agreement**

A Joint Loss Agreement is necessary if Property and Boiler and Machinery insurers are different.

### **Ordinance & Law Endorsement**

Ordinance & Law Endorsements are required. The Property insurance is to include loss as a result of enforcement of any Building Law or Ordinance that affects the reconstruction of the building(s), cost to demolish the undamaged section(s), cost to rebuild including improvements resulting from a change in Building Codes and the additional loss of business income as a result of the above.

### **Deductible**

Deductible amount is not to exceed \$10,000 combined per loss. Rent deductible should not exceed 72 hours.

## ***Commercial Liability – Per Occurrence Coverage:***

### **General Liability**

\$2,000,000		General Aggregate Limit – other than Products/Complete Operations
\$1,000,000		Products/Completed Operations Aggregate
\$1,000,000		Personal & Advertising Injury Limit
\$1,000,000	-	Each Occurrence
\$ 10,000	-	Medical Expense Limit – Any One Person/Accident/ Aggregate

### **Coverages** - To Include:

\$1,000,000	Automobile Non-Ownership & Hired Car Liability if no separate auto policy is in place.
\$1,000,000	Employee Benefits Liability (Each Claim Made with \$1,000 Maximum deductible)
\$1,000,000	Employee Benefits Liability, Annual Aggregate
	Directors & Officers Liability (Where Applicable)

## **General Liability Coverage Requirements Continued –**

Volunteers as Insureds

Medical Payments \$10,000

Knowledge & Notice of Occurrences

Unintentional Errors & Omissions

Exception to the Pollution Exclusion for hostile fires and building heating equipment

## **Fidelity**

**Limits** (Maximum deductible \$5,000)

\$ 500,000 - Employee Dishonesty per loss

\$ 3,000 - Money and Securities – Inside Premises

\$ 3,000 - Money and Securities – Outside Premises

\$ 100,000 - Forgery or Alteration

Including part time & temporary employees, Directors and/or Trustees, whether compensated or not, unemployed spouses, and Managing Agents

## **Umbrella Liability**

Excess of Primary:

\$10,000,000 For Projects financed on or after February 2005 or

\$20,000,000 For Projects financed prior to February 2005

\$1,000,000/\$2,000,000

Schedule of Underlying Coverage to list

- General Liability
- Hired and Non-Owned Automobile Liability
- Employers Liability

## **Boiler and Machinery**

### **Limits**

Full Replacement Cost – Direct Damage  
Actual Loss Sustained – Combined Business Interruption/Extra Expense – 100%  
of anticipated Rental Income for one year full occupancy

### **Coverage**

Comprehensive – Boilers/Fired & Unfired Pressure Vessels/Air Conditioning/  
Electrical Apparatus

### **Valuation**

Repair or Replace (New for Old)

## **Boiler and Machinery Requirements Continued –**

### **Minimum Sublimits:**

\$100,000	Ammonia Contamination
\$100,000	Water Damage
\$100,000	Hazardous Substances
\$100,000	Expediting Expenses

### **Deductibles**

Maximum of:

\$10,000	-	Direct Damage
72 Hours	-	Indirect Loss

## **Workers' Compensation**

Coverage requirements shall be pursuant to NJSA 34:15-12(a) and  
NJAC 12:235-1.6.

Coverage A	Statutory Limit
Coverage B	\$500,000 per employee disease Limit
	\$500,000 policy Limit for disease

## **Optional Coverages**

Tenant Discrimination  
Mold  
Terrorism



**Sample ACORD 25  
“Certificate of Liability Insurance”**

**and**

**Sample ACORD 28  
“Evidence of Commercial Property Insurance”**

**Follow**

*A word of caution –  
Please be sure to use the most current edition of same.*

*These Insurance Specifications and Minimum Requirements may be amended from time to time and such amendments may occur without notice and are applicable to all pending and future insurance documentation submissions. Accordingly, it is suggested that contact be made with the Insurance Division of the New Jersey Housing and Mortgage Finance Agency to ascertain whether or not there have been any changes since the date of these Insurance Specifications and Minimum Requirements and for complying with same.*



**IMPORTANT:** If the certificate holder is an **ADDITIONAL ASSURED**, the policy(s) must be assigned. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

UNCLASSIFIED	EXEMPTED FROM GDS	EXEMPTED FROM GDS	
	EXEMPTED FROM GDS	EXEMPTED FROM GDS	
	EXEMPTED FROM GDS	EXEMPTED FROM GDS	
	EXEMPTED FROM GDS	EXEMPTED FROM GDS	
	EXEMPTED FROM GDS	EXEMPTED FROM GDS	
UNCLASSIFIED	EXEMPTED FROM GDS	EXEMPTED FROM GDS	
	EXEMPTED FROM GDS	EXEMPTED FROM GDS	
	EXEMPTED FROM GDS	EXEMPTED FROM GDS	
	EXEMPTED FROM GDS	EXEMPTED FROM GDS	
	EXEMPTED FROM GDS	EXEMPTED FROM GDS	

### STUDY OBJECTIVES

FORM	TYPE OF INSURANCE	INSURANCE NO. (WFO)	POLICY NUMBER	POLICY EFF. DATE (MM-YY)	POLICY EXP. DATE (MM-YY)	LIMITS	
GENERAL LIABILITY	DOMESTIC GENERAL LIABILITY					EACH OCCURRENCE	1
	CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/>					DAMAGE TO RENTED PREMIER (2000-2000)	2
						W/O EXP (1000-2000)	3
						PERSONAL & ADV INURY	4
GENERAL AGGREGATE LIMIT APPLIED PER:						GENERAL AGGREGATE	5
POLICY <input type="checkbox"/> PER <input type="checkbox"/> UCC <input type="checkbox"/>						PRODUCTS - CONSUMERS	6
AUTOMOBILE LIABILITY						COMMERCE/CONSUMER	7
ANY AUTO						PERSONAL	8
ALL CARP. AUTOS <input type="checkbox"/>						EMPLY INURY (PERSON)	9
HEAVY AUTOS <input type="checkbox"/>						HEAVY MAINT (PERSON)	10
SCHEDULED AUTOS <input type="checkbox"/>						PROPERTY DAMAGE (PERSONAL)	11
NON-SCHEDULED AUTOS <input type="checkbox"/>							12
DIRTY POLLUTION <input type="checkbox"/>						EACH OCCURRENCE	13
EXCESS LIMIT <input type="checkbox"/>						NON-GRACE	14
DED <input type="checkbox"/> RETENTION <input type="checkbox"/>							15
WORKERS COMPENSATION AND EMPLOYERS LIABILITY						WORKERS' COMP (1000-1000)	16
ANY PROFESSIONAL LIABILITY						PL EACH ACCIDENT	17
OFFICE/RESEARCH/ENGINEERING						PL INJURY - EMPLOYEES	18
RESEARCH/ENGINEERING						PL DISEASE - EMPLOYEES	19
RESEARCH/ENGINEERING						PL DISEASE - POLICY LIMIT	20

INDICATIONS OF OPERATIONS / ACTIVITIES / PERFORMED through ACTIVITY 101, Additional Resources Schedule. If no response is required.

CERTIFICATE HOLDER	CANCELLATION
	<p>SHOULD ANY OF THE ABOVE DESCRIBED POLICES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED TO AGENTS/ISSUES WITH THE POLICY PROVISIONS.</p> <p><u>AUTHORIZED REPRESENTATIVE</u></p>

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ACORD EVIDENCE OF COMMERCIAL PROPERTY INSURANCE		DATE (MM/DD/YYYY)	
<p>THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURERS, AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.</p>			
PRODUCER NAME CONTACT PERSON AND ADDRESS PHONE FAX (if any)		CONTRACT NUMBER AND ADDRESS RECEIVED	
NAME ADDRESS CITY/STATE/ZIP ADDITIONAL NAMED INTERESTS		POLICY TYPE POLICY NUMBER RENEWAL DATE EXPIRATION DATE CONTINUED UNLESS TERMINATED BY CHECKED	
PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required) <input type="checkbox"/> BUILDINGS OR <input type="checkbox"/> BUSINESS PERSONAL PROPERTY		THIS REPLACES PREVIOUS EVIDENCE DATED:	
THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY EXIST, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.			
COVERAGE INFORMATION PERILS INSURED: <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input type="checkbox"/> SPECIAL			
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE \$ <span style="float: right;">DED.</span>			
<input type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE <span style="float: right;">FYES, LIMIT: <span style="float: right;">Amount Lost Suspended End of month</span></span>			
BLANKET COVERAGE <span style="float: right;">FYES, include whether reported on property identified above's</span>			
TERRORISM COVERAGE <span style="float: right;">Attach Declaration Waiver / DEC.</span>			
IS THERE A TERRORISM-SPECIFIC EXCLUSION?			
IS DOMESTIC TERRORISM EXCLUDED?			
LIMITED FUNDS COVERAGE <span style="float: right;">FYES, LIMIT: <span style="float: right;">DED.</span></span>			
FUNDS EXCLUSION (FYES - specify exceptions from limit)			
REPLACEMENT COST			
AGREED VALUE			
CONSUMABLES <span style="float: right;">FYES, % <span style="float: right;">DED.</span></span>			
EQUIPMENT BREAKDOWN (if Applicable) <span style="float: right;">FYES, LIMIT: <span style="float: right;">DED.</span></span>			
ORDINANCE OR LAW - Coverage for loss in unpermitted portion of bldg.			
- Deviation Code <span style="float: right;">FYES, LIMIT: <span style="float: right;">DED.</span></span>			
- Inv. Cost of Construction <span style="float: right;">FYES, LIMIT: <span style="float: right;">DED.</span></span>			
EARTH MOVEMENT (if Applicable) <span style="float: right;">FYES, LIMIT: <span style="float: right;">DED.</span></span>			
FLOOD (if Applicable) <span style="float: right;">FYES, LIMIT: <span style="float: right;">DED.</span></span>			
WIND / HAIL (if Subject to Different Provisions) <span style="float: right;">FYES, LIMIT: <span style="float: right;">DED.</span></span>			
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS			
CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.			
ADDITIONAL INTEREST MORTGAGE LENDER'S LOSS PAYABLE NAME AND ADDRESS		CONTRACT OF SALE LENDER'S SERVICING AGENT NAME AND ADDRESS AUTHORIZED REPRESENTATIVE	

ACORD 25 (02/01/02)

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